GOVERNMENT OF PUERTO RICO PUBLIC SERVICE REGULATORY BOARD PUERTO RICO ENERGY BUREAU

IN RE: REVIEW OF THE PUERTO RICO ELECTRIC POWER AUTHORITY'S 10-YEAR INFRASTRUCTURE PLAN – DECEMBER 2020

CASE NO.: NEPR-MI-2021-0002

SUBJECT: Evaluation of PREPA's February 2, 2022, Request for approval of fourteen (14) SOWs and Request for Confidential Designation and Treatment.

RESOLUTION AND ORDER

I. Introduction

On March 26, 2021, the Energy Bureau issued a Resolution and Order ("March 26 Resolution") through which it ordered the Puerto Rico Electric Power Authority ("PREPA") to submit each specific capital investment project for approval, to avoid potential noncompliance with the Approved Integrated Resource Plan ("IRP") and Modified Action Plan^{1,2} The Energy Bureau required PREPA to submit the specific projects to the Energy Bureau for approval at least thirty (30) calendar days before their submittal to the Puerto Rico Central Office for Recovery, Reconstruction and Resiliency ("COR3") and the Federal Emergency Management Agency ("FEMA").³

On November 15, 2021, PREPA filed before the Energy Bureau a document titled *Motion to Submit Fourth Group of Generation Projects* ("November 15 Motion"). Through the November 15 Motion, PREPA submitted one hundred-four (104) Work descriptions in Attachment A ("Proposed Generation Projects") containing a general description of works of conservation, repairs, and retrofitting of generation units and their auxiliary equipment, including, without limitation, boilers, turbines, rotors, generators, motors, pumps, breakers, and control systems for their generation power plants. The works are to be performed in the following Plants: San Juan Power Plant, Aguirre Power Plant and Combined Cycle, Costa Sur Power Plant, Palo Seco Steam Plant, Hydrogas Turbine Peakers, Cambalache, Mayaguez Gas Turbines, and a list of jobs to be performed in all the power plants. PREPA prepared a comprehensive list of repairs works projects of its generation assets and for which PREPA will seek reimbursement under several FEMA programs (*i.e.*, Section 404, Section 428 Public Assistance, etc.).

On January 4, 2022, the Energy Bureau issued a Resolution and Order ("January 4 Resolution") through which it conditionally approved the generation projects described in Attachments A to H therein, pending the submittal by PREPA of the Scope of Works ("SOWs") of each project. To complete the evaluation on the Proposed Generation Projects, the Energy Bureau requested the following:

- 1. The status of each unit in the Proposed Generation Projects;
- 2. If and how the expenditure will help bring the unit back to availability for operation;
- 3. When the unit would be available for operation if the expenditure was made;
- 4. The expected duration of availability status of the unit after the expenditure is made, and any other required explanation;

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¹ Resolution and Order, *In re: Review of the Puerto Rico Electric Power Authority's 10- Year Infrastructure Plan,* Case No. NEPR-MI-2021-0002, March 26, 2021 ("March 26 Resolution").

² Final Resolution and Order on the Puerto Rico Electric Power Authority's Integrated Resource Plan, In re: Review of the Integrated Resource Plan of the Puerto Rico Electric Power Authority, Case No. CEPR-AP-2018-0001, August 24, 2020 ("IRP Order").

³ March 26 Resolution, pp. 14-15. The Energy Bureau determined that this directive equally applies to LUMA Energy, LLC and LUMA Energy ServCo, LLC (collectively, "LUMA"). See, Resolution and Order, In Re: Review of the Puerto Rico Electric Power Authority's 10-Year Infrastructure Plan – December 2020, Case. No. NETA ME 2021-0002, June 8, 2021.

- 5. An updated snapshot of the status of repairs and expected availability over the next three years for the units at San Juan, Palo Seco, Costa Sur and Aguirre; and
- 6. Either the "Draft released to PREPA" of the "10-Year Thermal Generation Retirement, Addition and Conversion Plan" as listed on page 7 of the December 2021 Status Report scheduled for finishing by March 2022⁴ or a synopsis of PREPA's current understanding of how planned retirements of the fossil fleet are considered when requesting approval for maintenance and capital investment funding through the instant procedure.

On January 13, 2022, PREPA filed before the Energy Bureau a document titled *Partial Compliance with the January 4 Order and Request for Extension of Time* ("January 13 Motion"). Through the January 13 Motion, among other, PREPA submitted twenty-five (25) initial SOWs for certain Proposed Generation Projects for the review and approval of the Energy Bureau. Of the twenty-five (25) SOWs, twenty-four (24) were conditionally approved while one (1) was classified as Deferred Project, as stated in the January 4 Order. Attachment A of the January 13 Motion describes the Proposed SOWs for these twenty-five (25) Proposed Generation Projects.

On January 25, 2022, PREPA filed before the Energy Bureau a document titled *Motion to Submit Additional Generation Projects SOWs* ("January 25 Motion"). Through the January 25 Motion, among other, PREPA submitted ten (10) additional SOWs for the review and approval of the Energy Bureau. Of these Generation SOW's, seven (7) were conditionally approved while three (3) were classified as Deferred Project, as stated in the January 4 Order.

Attachment A of the January 25 Motion describes the Proposed SOWs for these ten (10) Proposed Generation Projects.⁵ In the January 25 Motion, PREPA also requested confidential designation and treatment of Attachment A for certain global positioning system ("GPS") information for the projects. PREPA states that such GPS information is considered critical energy infrastructure information or critical electric infrastructure information ("CEII") and is therefore confidential PREPA requested to publish the public redacted version of the referenced Attachment A, as filed in the January 25 Motion.⁶

On January 28, 2022, PREPA filed before the Energy Bureau a document titled Second Motion to Submit Additional Generation Projects SOWs ("January 28 Motion"). Through the January 28 Motion, among other, PREPA submitted twenty (20) additional SOWs for the review and approval of the Energy Bureau. Of these Generation SOW's, nineteen (19) were conditionally approved while one (1) was classified as Deferred Project, as stated in the January 4 Order. Attachment A of the January 28 Motion describes the Proposed SOWs for these twenty (20) Proposed Generation Projects.

On February 2, 2022, PREPA filed before the Energy Bureau a document titled *Third Motion to Submit Additional Generation Projects SOWs* ("February 2 Motion"). Through the February 2 Motion, among other, PREPA submitted fourteen (14) additional SOWs for the review and approval of the Energy Bureau. Of these Generation SOW's, twelve (12) were conditionally approved while two (2) were classified as Deferred Projects, as stated in the January 4 Order. Attachment A of the February 2 Motion describes the Proposed SOWs for these twenty (20) Proposed Generation Projects.⁹







⁴ See Motion to Submit December 2021 Status Report in Compliance with Order, In re. Preliminary Studies for New Combined Cycle Power Plant in Palo Seco, Case. No. NEPR-MI-2021-0003, December 15, 2021.

⁵ January 25 Motion, p. 2.

⁶ January 25 Motion, p.4.

The Energy Bureau is presently evaluating the twenty (20) SOWs filed.

⁸ January 28 Motion, p. 2.

February 2 Motion, p. 3.

In the February 2 Motion, PREPA also requested confidential designation and treatment of Attachment A^{10} for certain global positioning system ("GPS") information for the projects. PREPA states that such GPS information is considered critical energy infrastructure information or critical electric infrastructure information ("CEII") and is therefore confidential. PREPA requested to publish the public redacted version of the referenced Attachment A, as filed in the February 2 Motion. 11

On February 8, 2022, PREPA filed before the Energy Bureau a document titled *Fourth Motion to Submit Additional Generation Projects SOWs* ("February 8 Motion"). Through the February 8 Motion, among other, PREPA submitted ten (10) additional SOWs for the review and approval of the Energy Bureau. Of these Generation SOW's, four (4) were conditionally approved while six (6) were classified as Deferred Projects, as stated in the January 4 Order. Attachment A of the February 8 Motion describes the Proposed SOWs for these twenty (20) Proposed Generation Projects.

On February 10, 2022, the Energy Bureau issued a Resolution and Order ("February 10 Resolution") through which it addressed the January 13 Motion. In the February 10 Resolution, the Energy Bureau, among other, approved twenty-four (24) SOWs as described therein. The Energy Bureau determined not to approve SOW 4069 as described in Attachment B of the February 10 Resolution.

On February 14, 2022, PREPA filed before the Energy Bureau a document titled *Motion to Complete Generation Projects SOWs Submittal and Partial Responses to RFI and Request for Extension of Time to Submit Additional Responses to RFI ("February 14 Motion")*. Through the February 14 Motion, among other, PREPA submitted twenty-three (23) additional SOWs for the review and approval of the Energy Bureau. Of these Generation SOW's, twenty-two (22) were conditionally approved while one (1) was classified as Deferred Projects, as stated in the January 4 Order. Attachment A of the February 14 Motion describes the Proposed SOWs for these twenty-three (23) Proposed Generation Projects.¹⁴

On February 18, 2022, the Energy Bureau issued a Resolution and Order ("February 18 Resolution") through which it addressed the January 25 Motion. In the February 18 Resolution the Energy Bureau, among other, approved seven (7) SOWs as described in Attachment A therein. The Energy Bureau determined not to approve three (3) SOWs (SOWs No. 4073, 4075 and 4080) as described in Attachment B of the February 18 Resolution.

II. PREPA's Request for Confidential Information Designation and Treatment ("February 2 Motion")

In the February 2 Motion, PREPA requested confidential designation and treatment of Attachment A for certain global positioning system ("GPS") information for the projects. PREPA alleged that the SOWs in Attachment A of the February 2 Motion contains GPS coordinates of the power plants, which is confidential information in the form of CEII that garners protection from public disclosures pursuant to federal statutes and regulations. 15

To protect such confidential information, PREPA states it redacted the GPS information from the Generation Projects SOWs submitted with the February 2 Motion. PREPA requests the Energy Bureau to determine that the GPS information is CEII and thus, confidential. PREPA also requested the Energy Bureau to maintain the public files with the redaction already provided. PREPA requests the Energy Bureau to grant confidential designation and







¹⁰ See, Attachment A of PREPA February 2 Request. (Emphasis added)

¹¹ January 25 Motion, p.4.

¹² The Energy Bureau is presently evaluating the ten (10) SOWs filed.

¹³ February 2 Motion, p. 3.

¹⁴ February 14 Motion, pp. 3-4.

¹⁵ 6 U.S.C. §§ 671-674; 18 C.F.R. §388.113 (2020).

treatment to the referred GPS information in Attachment A of the February 2 Motion. Table 1 below details the list of the GPS information for which PREPA requested confidential designation and treatment:

Table 1: PREPA's Request for Confidential Information Designation and Treatment

sow no	. PROJECT DESCRIPTION	CONFIDENTIAL INFORMATION	LEGAL BASIS
1012	Fuel Service Tank S-10 Rehabilitation, San Juan Steam Plant	GPS Location Page 4, Sec. 2.1 Page 9, Sec. 10.3	CEII
1013	Unit 5 SCR Ammonium Procurement San Juan Power Plant	GPS Location Page 4, Sec. 2.1	CEII
3049	Procurement of Water Heater 5 (Deaerator) Spare Pump Costa Sur Power Plant	GPS Location Page 4, Sec. 2.1 Page 9, Sec. 10.3	CEII
3053	Procurement of Induced Draft Fan (IDF) and Forced Draft Fan (FDF) Spare Motors for Units 5 and 6	GPS Location Page 4, Sec. 2.1 Page 9, Sec. 10.3	CEII
3054	Condensate Pump (CP) Motor, Costa Sur Power Plant – units 5 and 6	GPS Location Page 4, Sec. 2.1 Page 9, Sec. 10.3	CEII
3057	4160V Electric Cable, Costa Sur Power Plant – Unit 5	GPS Location Page 4, Sec. 2.1 Page 9, Sec. 10.3	CEII
3066	AGC Replacement Project Costa Sur Unit 5 and 6	GPS Location Page 4, Sec. 2.1 Page 8, Sec. 10.3	CEII
3067	Natural Gas Igniters for Costa Sur Units 5 and 6	GPS Location Page 4, Sec. 2.1 Page 9, Sec. 10.3	CEII
4076	Palo Seco Steam Plant New Water Condensate 1-2 Tank	GPS Location Page 4, Sec. 2.1 Page 9, Sec. 10.3	CEII
4081	Boiler, Generator & Turbine Repairs, Palo Seco Steam Plant – unit 3	GPS Location Page 4, Sec. 2.1 Page 9, Sec. 10.3	CEII
6088	Unit 1 Rehabilitation, Cambalache Power Plant	GPS Location Page 4, Sec. 2.1 Page 10, Sec. 10.3	CEII
6089	Control System and Power Plant Maintenance Consulting Services for Cambalache Units 1 and 2	GPS Location Page 4, Sec. 2.1 Page 11, Sec. 10.3	CEII
6090	AVR & SFC Upgrade, Cambalache Power Plant – units 2 and 3	GPS Location Page 4, Sec. 2.1 Page 9, Sec. 10.3	CEII
6091	Units 1, 2, 3 Inspections, Cambalache Power Plant	GPS Location Page 4, Sec. 2.1 Page 10, Sec. 10.3	CEII

Act $57-2014^{16}$ establishes that any person having the obligation to submit information to the Energy Bureau, can request privilege or confidential treatment to any information that the



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¹⁶ Puerto Rico Energy Transformation and RELIEF Act, as amended ("Act 57-2014").

party submitting understands deserves such protection.¹⁷ Specifically, Act 57-2014 requires the Energy Bureau to treat as confidential the submitted information provided that "the Energy Bureau, after the appropriate evaluation, believes such information should be protected".¹⁸ In such case, the Energy Bureau "shall grant such protection **in a manner that least affects the public interest, transparency**, and the rights of the parties involved in the administrative procedure in which the allegedly confidential document is submitted."¹⁹

Upon review of PREPA's arguments and the applicable law, the Energy Bureau **GRANTS** confidential designation and treatment to the GPS information described in Table 1 above, for the reasons stated by PREPA, pursuant to the provisions of Article 6.15 of Act 57-2014. The Energy Bureau **TAKES NOTICE** that PREPA submitted a revised redacted (*i.e.*, public) version of the documents described in Table 1.

III. Evaluation of PREPA's February 2 Motion

As part of the February 2 Motion, PREPA included fourteen (14) Work descriptions for the generation plants in San Juan Power Plant, Costa Sur Power Plant, Palo Seco Steam Plant, and Cambalache Power Plant.

Attachment A of the February 2 Motion contains SOWs for all fourteen (14) projects to be performed in the power plants. Out of the fourteen (14) Generation Projects SOWs, twelve (12) were conditionally approved while two (2) were classified as deferred projects (SOWs No. 1012 and 6088 for the San Juan Power Plant and the Cambalache Power Plant, respectively) as stated in Attachment B of the January 4 Order. These proposed generation projects were classified as deferred since they are work intended for units included in the Retirement Plan.²⁰

According to PREPA the twelve (12) SOWs have the objective to (i) improve the generation asset's reliability, increasing their availability, and providing a continuous generation service, (ii) repair all the damages to equipment and areas within all the Plants; and (iii) restore the facilities to pre-disaster function and approved codes and standards. PREPA states it will seek reimbursement under several FEMA programs (*i.e.*, Section 428 Public Assistance Program or Section 404 Program, etc.).

All SOWs included the detailed descriptions of the project and work that is to be performed, with the corresponding cost estimates, equipment specifications, bidding process for those works that requires the method, or corresponding documentation for those that are performed by unique or sole supplier. Attachment A of this Resolution and Order contains the difference between the original estimate in the November 15 Motion, and the estimate in the February 2 Motion. The difference represents a total cost increase of \$779,000.00 relative to the cost estimates originally presented in the November 15 Motion.

Upon review of the SOWs, the Energy Bureau **DETERMINES** that the twelve (12) SOWs filed in the February 2 Motion ("12 SOWs"), which were classified as Conditionally Approved in Attachment A of the January 4 Order, are necessary to maintain and improve the reliability of the systems in the corresponding PREPA Plants. These twelve (12) SOWs include descriptions and justifications for the corresponding units, the type of project and the corresponding Codes and Standards that are impacted. Therefore, the Energy Bureau **APPROVES** the twelve (12) SOWs projects described in **Attachment A** of this Resolution and Order. The Energy Bureau notes this approval represents an investment of \$37,612,000.00.







¹⁷ Section 6.15 of Act 57-2014.

¹⁸ *Id*.

¹⁹ Id. (Emphasis added).

²⁰ See Approved IRP, p.284 ("Retirement Plan").

based on the proposed works that were presented by PREPA through the February 2 Motion.²¹

The Energy Bureau **DETERMINES not to approve** SOWs No. 1012 and No. 6088 for the San Juan Power Plant and the Cambalache Power Plant, respectively, as described in Attachment **B** of this Resolution and Order. These SOWs are classified as Deferred Proposed Generation Projects in the January 4 Order. Their evaluation is deferred pending more specific information regarding the units' availability and actual conditions and/or a synopsis of PREPA's current understanding of how planned retirements of the fossil fleet are considered when requesting approval for maintenance and capital investment funding through the instant procedure. These SOWs shall be discussed in the proposed Technical Conference that shall be scheduled once PREPA responds to all ROIs of the January 4 Resolution.

IV. Conclusion

The Energy Bureau APPROVES the projects included in Attachment A of this Resolution and Order, which shall be presented to FEMA and COR3 to finalize its approval process. These projects were approved based on the information provided by PREPA, should the scope of the project changes, PREPA SHALL immediately seek the Energy Bureau's approval of such changes.

The Energy Bureau ORDERS PREPA to (i) submit to the Energy Bureau copy of the approval by COR3 and/or FEMA of the projects in Attachment A of this Resolution and Order, which shall contain the costs obligated for each project, within ten (10) days of receipt of such approval; (ii) provide the Energy Bureau the actual contracted cost to construct each project approved in such Attachment A, within ten (10) days from the execution of the contract; and (iii) inform the Energy Bureau once the projects are completed.

The directive instated in the March 26 Resolution related to the submission of projects before the Energy Bureau at least thirty (30) calendar days before submitting such projects to FEMA and/or COR3 remains unaltered.

Be it notified and published.

Edison Aviles Deliz

Chairman

Angel R. Rivera de la Cruz

Associate Commissioner

Lillian Mateo Santos

Associate Commissioner

Ferdinand A. Ramos Soegaard

Associate Commissioner

Sylvia B. Ugarte Araujo

Associate Commissioner

²¹ The Energy Bureau has approved a total of \$4,689.935 MM = \$1,240.77 MM + \$1,789.58 MM + \$1,376.97 MM + \$18.257 MM + \$5.189 MM+ \$253.775 MM (January 4 Resolution) + \$3.707 MM (February 10 Resolution) + \$0.908 MM (February 18 Resolution) + \$0.779 MM (this Resolution and Order) up to date based on the Class Cost Estimates submitted by PREPA and LUMA as part of this process.

CERTIFICATION

I hereby certify that the majority of the members of the Puerto Rico Energy Bureau has so agreed on February 24, 2022. I also certify that on February 28, 2022 a copy of this Resolution and Order was notified by electronic mail to the following: laura.rozas@us.dlapiper.com; margarita.mercado@us.dlapiper.com, kbolanos@diazvaz.law; mvazquez@diazvaz.law. I also certify that today, February 28, 2021, I have proceeded with the filing of the Resolution and Order issued by the Puerto Rico Energy Bureau.

For the record, I sign this in San Juan, Puerto Rico, today February 28, 2022

Sonia Seda Gaztambide Clerk



Attachment A Works Approved by the Energy Bureau for the Power Plants Permanent Repairs

SOW NO.	Facility	Project Name	Proposed Scope of Work	Original Estimate	Presented Estimate	Diff	Page at Att. A
1013	San Juan Power Plant	Unit 5 SCR - Ammonium Procurement	Procurement and delivery of Ammonium Substance to be used for the Selective Catalytic Reduction system to control emissions of Unit 5 for compliance of Federal Law.	\$ 500,000.00	\$ 500,000.00	\$ 0.00	p 264-275
3049	Costa Sur Power Plant	Procurement of Water Heater 5 (Deaerator) Spare Pump	Procurement and delivery of a new spare pump for the water heater (deaerator) of unit 5.	\$ 400,000.00	\$ 400,000.00	\$0.00 -	p 276-301
3053	Costa Sur Power Plant	Procurement of Induced Draft Fan (IDF) and Forced Draft Fan (FDF) Spare Motors for Units 5 and 6	Procurement and delivery of motors to be storage as spare parts to avoid units forced outages and/or load limitations.	\$870,000.00	\$1,160,000.00	\$ 290,000.00	p 302-495
3054	Costa Sur Power Plant	Procurement of Condensate Pump (CP) Motor for Units 5 and 6	Procurement and delivery of motors to be storage as spare parts to avoid units forced outages and/or load limitations.	\$870,000.00	\$870,000.00	\$0.00-	p 496-510
3057	Costa Sur Power Plant	Replacement of 4160 V Electric Cable Normal Transformer 5A, 5B	Procurement and delivery of 6000 ft of special construction electrical cable (1500 Kcmil Insulation XLPE 5kv) to replace the cables of the Normal service transformers 5A & 5B.	\$ 250,000.00	\$375,000.00	\$125,000.00	p 511-523

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SOW NO.	Facility	Project Name	Proposed Scope of Work	Original Estimate	Presented Estimate	Diff	Page at Att. A
3066	Costa Sur Power Plant	AGC - Replacement Project	Procurement and Delivery of New system for frequency/load control to replace the original one due to obsolescence (installed since 1973). There are not spare parts)	\$ 400,000.00	\$400,000.00	\$ 0.00	p 524-534;
3067	Costa Sur Power Plant	Fuel Igniters Replacement Work	Procurement and Delivery of New Natural Gas Igniters and Control System for Unit 6	\$ 2,000,000.00	\$2,364,000.00	\$ 364,000.00	p 535-568
4076	Palo Seco Steam Plant	New Water Condensate 1-2 Tank	Removal of existing steel water condensate storage tank. Design and Build of a new 173,000 gallons steel water condensate storage tank, including interior and exterior coating application, instrumentation system for reading water levels and improvements to the existing tank's concrete base.	\$1,000,000.00	\$1,000,000.00	\$0.00	p 569-611
4081	Palo Seco Steam Plant	Unit PS3 - Major Outage - Boiler Sections Replacement and Repairs; MPT, Generator and turbine Repair & Auxiliary Equipment Inspection Work	Purchase and installation of Economizer elements and waterwalls upper sections replacement. HP, IP and LP turbines inspection, maintenance and repair. MPT oil leakages repair and Auxiliary equipment	\$15,000,000.00	\$15,000,000.00	\$0.00	p 612-625

\$ 5
Long Term Service Agreement for the A, B & C (Major) inspections on the Cambalache Units. Provide the technical advisors and consumables for all the inspections and the replacement of the scheduled. Hot Gas Path parts (capital parts) The A & B are the minor inspections.
Upgrade of the obsolete electronic parts for the Automatic Voltage Regulator with the Synchronism Devices and the Static Frequency Converter systems for GT2 and GT3 The actual systems are the original ones installed in 1997
Provide technical support and parts replacement for the generating unit control systems with Original Equipment Manufacturer trained technical advisors. The provided services will be a complete maintenance program for the continuous operations of the included equipment and its systems, especially for the obsolete equipment's. It will include parts replacement, software updates, backups, servers & network devices health issues solution and unexpected issues solutions.
Proposed Scope of Work

Attachment B Works Not Approved by the Energy Bureau for the Power Plants Permanent Repairs

	6088	1012	SOW NO.
	Cambalache Power Plant	San Juan Power Plant	Facility
	Unit 1 Rehabilitation	Structural Repairs Fuel Service Tank 10	Project Name
TOTAL	Perform the required inspections, repair the exhaust gas housing and GT enclosure and filter house and replacement of all of the hot gas path components, turbo-compressor and blades and its related accessories of Gas Turbine Num. 1. Also, conversion of control system to Blue- Line similar to gas turbines 2 and 3, upgrade the combustor pulsation monitoring system, upgrade the automatic voltage regulator and upgrade the opacity monitoring system.	Structural steel repairs of floor, roof, shell, columns and beams elements of a existing fuel service tank and application of new anti-corrosive coating on the interior and exterior of the tank.	Proposed Scope of Work
\$18,750,000.00	\$ 18,000,000.00	\$ 750,000.00	Original Estimate
\$18,647,000,00	\$18,000,000.00	\$ 647,000.00	Presented Estimate
\$ (103,000.00)	€ \$ *	\$ (103,000.00)	Diff
	p 626- 643	p 13-263	Page at Att. A

